

**75-7-514 Secured claims.**

Payment of a secured claim shall be upon the basis of the amount allowed if the creditor surrenders his security; but otherwise payment shall be based upon one of the following:

- (1) if the creditor exhausts his security before receiving payment, unless precluded by another provision of the law, upon the amount of the claim allowed less the fair value of the security; or
- (2) if the creditor does not have the right to exhaust his security or has not done so, upon the amount of the claim allowed less the value of the security determined by converting it into money according to the terms of the agreement pursuant to which the security was delivered to the creditor, or by the creditor and trustee by agreement, arbitration, compromise, or litigation.

Renumbered and Amended by Chapter 89, 2004 General Session